



Section 1 Introduction

This report examines the progress state agencies are making to meet requirements of HB 1785 (Chapter 227, Laws of 2001). The new law requires agencies to incorporate outcome-based performance-measures in the administration of 18 natural resource-related and environmentally-based grant and loan programs contained in the state capital budget.

In January 2001, the Joint Legislative Audit and Review Committee (JLARC) completed a report on *Investing in the Environment: Environmental Quality Grant & Loan Programs Performance Audit Report 01-1*. The key finding of this report was that state natural resource environmental quality grant and loan programs focused primarily on distributing funding for various types of projects, rather than taking a more investment-related approach intended to achieve specific environmental outcomes. HB 1785 was enacted primarily to embrace the report's recommendation that state agencies "should work cooperatively with their funding recipients to develop meaningful and comprehensive output and outcome measures that will be used to assess project and program investment performance and contribute to adoptive management."

Under HB 1785, OFM is required to provide a report to the appropriate legislative committees on state agencies' implementation of the requirements of the act including any necessary changes in current law and funding requirements.

Natural resource-related agencies subject to HB 1785 include the departments of Ecology, Natural Resources, and Fish and Wildlife, the State Conservation Commission, the Interagency Committee for Outdoor Recreation, the Salmon Recovery Funding Board, and the Public Works Board within the Department of Community, Trade and Economic Development.

Programs examined in this report includes the Conservation Reserve Enhancement Program, the Dairy Nutrient Management Grant Program; the State Conservation Commission Water Quality Grant Program; the Department of Ecology's coordinated prevention grants, public participation grants and remedial action grants; water pollution control facilities financing; habitat grants under the Washington Wildlife and Recreation Program; salmon recovery grants; the Public Works Trust Fund; and programs administered by the Department of Fish and Wildlife related to the protection or recovery of fish stocks funded in the capital budget.

Key Terms and Concepts

Before reading this report, it is useful to understand the terms describing the various types of performance measures. **Performance measures** are used to measure success in

meeting goals and objectives. **Outcome-based** performance measures are intended to focus on ultimate results, such as improved water quality. **Output-based** performance measures focus on the activities that lead to those outcomes, such as dollars spent, projects funded, or construction projects completed. Outcome-based statements can be expressed in different ways¹: (1) As simple “change” statements (“Increase riparian area connectivity”); (2) As target statements (“Ensure that 25 percent of the stream miles within 50 percent of the state’s watersheds have riparian protection”), or (3) As benchmark (comparative) statements (“Remove twice as many fish passage barriers in 2003-2005, as in 2001-2003”).

Monitoring involves the deliberate and systematic observation, detection, and recording of conditions, resources, and effects of management and other activities. Monitoring is perhaps most commonly used in a research or experimental setting. In a management context, monitoring and evaluation assist decision-makers in determining if and how well goals and objectives have been met. Monitoring can also be used to provide information about natural resource and environmental conditions, either for one point in time, or to show trends over time. The Department of Ecology’s ambient monitoring efforts, for example, track water and air quality at periodic intervals over time.

Monitoring is used in specific contexts to provide specific information. For example, **implementation** monitoring determines whether work has been carried out according to agreed-upon terms. **Compliance** monitoring measures the extent to which grantors or permit recipients have met their legal or regulatory obligations. **Status and trend** monitoring can measure any parameter (environmental, social, and economic) over time, and may rely either upon probabilistic sampling or census. (For probabilistic sampling, a statistically valid sampling design must be developed and followed.) **Effectiveness** monitoring measures the direct results or effects of management actions. Effectiveness monitoring can be applied to projects or programs. For example, a project could be effective in reducing water temperature – its intended goal – but might not, by itself, lead to increased salmon numbers. Finally, **validation** monitoring confirms if implemented management actions or projects, either singly or in combination, produced the desired *end* result. For example, the presence of self-sustaining populations of salmon in a watershed that had formerly been blocked to salmon migration would validate that a suite of preceding restoration actions had indeed resulted in increased salmon abundance.

¹Organizational Research Services, Inc. and Clegg and Associates, 1999, *Outcomes for Success!* (Seattle, WA)